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Stare Indecisis: The Federal Circuit's En Banc Battle Against Itself And Business In Lighting Ballast Control, LLC v. Philips Electronics North America Corp.

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COMMENTS

STARE INDECISIS: THE FEDERAL CIRCUIT'S EN BANC BATTLE AGAINST ITSELF AND BUSINESS IN *LIGHTING BALLAST CONTROL, LLC V. PHILIPS ELECTRONICS NORTH AMERICA CORP.*

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In 1998, the Federal Circuit ruled in Cybor Corp. v. FAS Technologies, Inc., an en banc decision, that the standard of review for patent claim construction cases would be de novo. From 1998 until this year, neither Congress nor the Supreme Court had intervened to confirm, or change the standard. The standard was challenged in an en banc case at the United States Court of Appeal for the Federal Circuit, Lighting Ballast Control, LLC. v. Philips Electronics North America Corp. *A key question is whether the Federal Circuit should reconsider or overrule its en banc decisions with another en banc decision absent intervention from the Supreme Court or Congress under the foundational legal principle of stare decisis. Focusing on this key question, this Comment examines four primary points: (1) the unknown nature of the reach and limitations of the Federal Circuit in reconsidering or overruling its en banc standards with another en banc decision under stare decisis; (2) the* Lighting Ballast *case as a means of testing the Federal Circuit's perceived reach in overruling previous en banc decisions en banc; (3) uniformity concerns if the Federal Circuit can overrule its own en banc decisions with other en banc decisions absent intervention; and (4) the negative effect a lack of uniformity in the patent law can have on businesses. This Comment suggests that the Federal Circuit believes it can continually established precedents. Stare decisis seeks intervention to define the scope of*

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review in patent claim construction standard, thereby eliminating the present threat of the Federal Circuit acting contrary to the principles of stare decisis.

INTRODUCTION

Mark Twain wrote "a country without a patent office and good patent laws is just a crab and [cannot] travel any way but sideways and backwards."[1] Patents today play a vital role for businesses by giving a right to exclude others from making, using, or selling an invention.[2] Historically, courts exclusively construed the

1. MARK TWAIN, A CONNECTICUT YANKEE IN KING ARTHUR'S COURT 107 (1889).

2. *See* 35 U.S.C. § 271(a) (2012) (classifying any party who makes, uses, or sells a patented invention as an infringer).

meaning of patent claims as a matter of law.[3] The United States Court of Appeals for the Federal Circuit has jurisdiction over all appeals from district courts on patent claim construction cases.[4] In *Cybor Corp. v. FAS Technologies*, an en banc decision, the Federal Circuit held that when it reviews a patent claim construction case, the standard of review is de novo.[5] This standard of review was controversial since its establishment; however, until this year, neither Congress nor the Supreme Court had intervened to confirm or challenge the standard.[6]

Momentum eventually built to the point where in 2013 a new en banc case challenged the Federal Circuit's de novo standard.[7] This challenge was significant because it presented the first opportunity for the en banc Federal Circuit to reconsider the de novo standard since declining to do so in the 2005 *Phillips v. AWH Corp.* case.[8] The opportunity for en banc review of an established en banc standard without prior intervention is unique to the Federal Circuit as the Supreme Court has historically played a "hands-off" role with the Federal Circuit regarding patent cases.[9] However, this opportunity for reconsideration posed a problem because it clashes with the fundamental legal principle of stare decisis.[10] Stare decisis instructs courts to respect previous decisions absent intervention from a higher authority

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3. *See* Markman v. Westview Instruments, Inc. (*Markman II*), 517 U.S. 370, 372, 377, 391 (1996) (holding that the "mongrel practice" of construing patents does not violate the 7th Amendment jury guarantee and should be left up to the judge).

4. *See* 28 U.S.C. § 1295(a)(1) (2012) (granting the Federal Circuit jurisdiction for appeals on all final decisions from district courts on patent matters).

5. *See* Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1454–56 (Fed. Cir. 1998) (en banc) (holding that the Supreme Court affirmation of the Federal Circuit's decision in *Markman v. Westview Instruments* endorsed de novo review in patent claim construction cases).

6. *See, e.g.*, Phillips v. AWH Corp., 415 F.3d 1303, 1330 (Fed. Cir. 2005) (en banc) (Mayer J., dissenting) ("[A]ny attempt to fashion a coherent standard under this regime is pointless, as illustrated by our many failed attempts to do so, I dissent.").

7. *See* Lighting Ballast Control, LLC v. Philips Elecs. N. Am. Corp., 500 Fed. App'x 951, 951–52 (Fed. Cir. 2013) (stating three questions on en banc review: (1) if *Cybor* should be overruled; (2) if deference should be afforded to any part of the district court's claim construction; and (3) if so what deference).

8. *See* Tamlin H. Bason, *Federal Circuit Hears Arguments En Banc on De Novo Review of Claim Construction*, BNA (Sept. 16 2013), http://www.bna.com/federal-circuit-hears-n17179877141/ (noting that the last attempt for en banc review of the de novo standard in *Retractable Technologies, Inc. v. Becton, Dickinson & Co.*, failed because the judges lacked the requisite six votes).

9. *See* Timothy B. Dyk, *Does the Supreme Court Still Matter?*, 57 AM. U. L. REV. 763, 765 (2008) (asserting that the Supreme Court hears about one percent of patent cases from the Federal Circuit).

10. *See generally* Nat'l Org. of Veterans' Advocates, Inc. v. Sec'y of Veterans Affairs, 260 F.3d 1365, 1373 (Fed. Cir. 2001) ("[S]tare decisis is a doctrine that binds courts to follow their own earlier decisions or the decisions of a superior tribunal."); Mendenhall v. Cedarapids, Inc., 5 F.3d 1557, 1570 (Fed. Cir. 1993), (asserting that stare decisis creates statements of law binding in future cases before the same court or an inferior court).

thereby ensuring uniformity in the law.[11]

This Comment argues that by taking the *Lighting Ballast* case en banc to reconsider the established *Cybor* en banc standard, the Federal Circuit is acting contrary to the principles of stare decisis because the panel decision already affirmed the validity of *Cybor* by applying it.[12] While stare decisis is not black letter law for the courts, the Federal Circuit was specifically created with the purpose of ensuring uniformity in patent law.[13] Therefore, the risk of uncertainty for patent law as a whole exists when the Federal Circuit is not acting in a manner that promotes uniformity, which, in turn, negatively affects business interests.[14]

Part I of this Comment discusses the basics of patent litigation, patent claim construction, and the history of the standard of review through *Lighting Ballast* as well as the influence of stare decisis and uniformity in patent cases.

Part II of this Comment analyzes stare decisis in *Lighting Ballast.* Furthermore, it analyzes the proper interplay between the Supreme Court and the Federal Circuit and the reliance on the expertise of the Federal Circuit in patent law.

Part III recommends that the Supreme Court intervene to eliminate debate by determining when the Federal Circuit can review en banc cases with other en banc decisions.

This Comment concludes that the Federal Circuit is in a unique situation with the claim construction standard of review because it lacked guidance from a higher authority for over fifteen years, but that stare decisis must weigh heavily on a court created to promote consistency.

I. DECONSTRUCTING THE INFLUENCE OF STARE DECISIS, PATENT CLAIM CONSTRUCTION, AND THE COSTS OF PATENT LITIGATION.

Stare decisis has a long and rich history in the American legal system. Patent litigation can often carry a value of millions and even billions of dollars. Patent claim construction is a fundamental concept in patent law that is necessary in any patent litigation. Understanding each of these concepts in basic terms is the key to

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11. *See Nat'l Org. of Veterans' Advocates*, 260 F.3d at 1373 (citing Restatement (Second) Judgments § 28 cmt. b, at 275–76 to show the utility of stare decisis in protecting parties and courts when determining the scope of statutes or rules).

12. *See* Lighting Ballast Control, LLC v. Philips Elecs. N. Am. Corp., 498 F. App'x 986, 989 (Fed. Cir. 2013) (applying de novo review on a matter of a claim construction).

13. *See* S. REP. NO. 97-275 at 2 (1981) (emphasizing that consistency and uniformity in the patent law would serve the patent and business communities positively).

14. *See* John F. Duffy, *Harmony and Diversity in Global Patent Law*, 17 BERKELEY TECH. L.J. 685, 686 (2002) ("Uniformity of law has an undeniable intellectual appeal."). *But See,* RICHARD A. POSNER, THE FEDERAL COURTS: CRISIS AND REFORM 163 (1985) ("If uniformity is desirable (as it is), so are diversity and competition.").

understanding the disconnect between the Federal Circuit and its Constitutional role.

A. To Stand by Things Decided: The Role of Stare Decisis in the American Legal System.

Stare decisis, also known as the doctrine of precedent, is intended to bind courts to previous decisions absent intervention from a higher authority.[15] The general rule is that when a court has decided an issue and established a principle of law, it will adhere to and apply that principle in all future cases with similar facts to create stability and predictability in the court system.[16] Stare decisis is considered especially strong in cases of a statutory nature like patent cases.[17] Two types of stare decisis exist: vertical stare decisis and horizontal stare decisis.[18]

Vertical stare decisis is when higher authorities review the principles established by lower authorities and the lower authorities adhere to the higher authority's decision.[19] Examples include when a court of appeals panel reviews a district court and when the Supreme Court reviews a court of appeals decision. In each instance, the lower court is bound by the higher court precedent.[20] Horizontal stare decisis is when later courts review the principles established by a court at the same level and are bound to follow them absent a compelling reason to overturn.[21] An example is when a court of appeals hears a case en banc challenging a previous en banc precedent decided by the same court. Absent unworkability or a directive from the Supreme Court, under stare decisis the en banc court should adhere to the previous

15. *See* BLACK'S LAW DICTIONARY 1537 (9th ed. 2009) (separating stare decisis into different categories that include vertical and horizontal stare decisis).

16. *See* Payne v. Tennessee, 501 U.S. 808, 827 (1991) (citing Vasquez v. Hillery, 474 U.S. 254, 265–66 (1986)) (noting that stare decisis is the preferred course to maintain predictability and stability); *see also* Martin v. Franklin Capital Corp., 546 U.S. 132, 139 (2005) (stating that the basic principle of justice is that similar cases should be decided similarly).

17. *See* Neal v. United States, 516 U.S. 284, 295 (1996) (adding that stare decisis is more important in statutory cases because "Congress is free to change this Court's interpretation of its legislation"); *see also* Thomas R. Lee, *Stare Decisis in Historical Perspective: From the Founding Era to the Rehnquist Court*, 52 VAND. L. REV. 645, 703–04 (1999) (clarifying that stare decisis is at its strongest in statutory cases).

18. *See* Amy Coney Barrett, *Stare Decisis and Due Process*, 74 U. COLO. L. REV. 1011, 1016 n.17 (2003) (distinguishing the two types of stare decisis where one involves a court following its own precedent and the other where the court follows higher authority precedent).

19. *See* BLACK'S LAW DICTIONARY 1537 (9th Ed. 2009) (defining vertical stare decisis).

20. *Cf.* Barrett, *supra* note 18, at 1016 n.17 (using the example of higher authority precedent binding a lower authority).

21. *See* BLACK'S LAW DICTIONARY 1537 (9th Ed. 2009) (defining horizontal stare decisis).

decision of the same court en banc.[22] Notably, stare decisis is not black letter law, but rather, "a principle of policy."[23] Historically, however, the role of stare decisis as a foundational legal principle in the American system has increased its stature to a point where courts consider it the wisest path unless a compelling reason demands reversal.[24] The value of stare decisis is that it provides valuable consistency in the law.[25]

The Supreme Court is the highest court in the United States with ultimate authority over all courts, including the Federal Circuit.[26] The Court has criticized "lower courts" that deviate from established precedents for causing a disruption in the expected results from the legal community.[27] The Court has said that until it considers a specific legal point, the point is not settled regardless of accepted practices from the lower courts.[28] The Court warns that "lower courts" should be cautious when creating new rules that differ from established precedent.[29] The Court prefers preserving uniformity in the law, especially in patent law.[30]

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22. *Cf.* Barrett, *supra* note 18, at 1016 n.17 (illustrating the precedent decided by the old court binding the new court absent some determination of unworkability or another factor).

23. *See* Payne v. Tennessee, 501 U.S. 808, 828 (1991) (quoting Helvering v. Hallock, 309 U.S. 106, 119 (1940)).

24. *See* Lee, *supra* note 17, at 652–54 (comparing the policy considerations when choosing to apply stare decisis).

25. *See, e.g.*, *Payne*, 501 U.S. at 827 ("Stare decisis is the preferred course because it promotes the evenhanded, predictable, and consistent development of legal principles, fosters reliance on judicial decisions, and contributes to the actual and perceived integrity of the judicial process.").

26. *Cf.* U.S. CONST. art. III (establishing the Supreme Court as the only federal court required by the Constitution).

27. *See* Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 535 U.S. 722, 739 (2002) (chastising the Federal Circuit for ignoring the guidance of *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.* because it would "disrupt the settled expectations of the inventing community").

28. *See, e.g.*, Andrews v. Hovey, 124 U.S. 694, 716 (1888) ("A question arising in regard to the construction of a statute of the United States concerning patents for inventions cannot be regarded as judicially settled when it has not been so settled by the highest judicial authority which can pass upon the question.").

29. *See, e.g.*, Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 29, (1997) (noting that application of established doctrines should not be given latitude to be changed at will or eliminated); *see also* Ariad Pharms., Inc. v. Eli Lilly & Co., 598 F.3d 1336, 1347 (Fed. Cir. 2010) (en banc) (recognizing that as a federal court, the statements made by the Supreme Court cannot be easily thrown away as dicta but are in fact binding).

30. *See* Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 162 (1989) (referencing the importance of uniformity and the patent law and Congress' recognition of that importance in establishing the Federal Circuit); *see also* THE FEDERALIST NO. 43 at 309 (B. Wright Ed. 1961) (emphasizing that the purpose behind the Patent and Copyright Clauses of Constitution was to unify the intellectual property law at the federal level).

Stare decisis is also important for businesses because it provides a consistent standard for the business community to rely upon.[31] Given that patent law is a commercially based field, courts relying on prior decisions and standards absent higher intervention create certainty for businesses.[32] Uniformity concerns go hand-in-hand with consistency and must be applied in specific courts, like the Federal Circuit that was granted exclusive jurisdiction over patent law appeals, in order to promote uniformity.[33]

B. Flexing the Monopolistic Muscle: Patent Value, Infringement Suits, and Claim Construction.

The three primary parts of a patent are the specification, the drawings, and the claims.[34] Arguably, the most important part of a patent is the set of claims at the end of the specification, which delineate the subject matter of the invention and serve as the metes and bounds of the rights granted.[35] Once a patent has been issued, it carries a presumption of validity until proven otherwise through a judicial determination.[36]

In today's economy, patents of all kinds have become increasingly valuable for businesses.[37] Businesses can use patents in many ways. Licensing opportunities can create consistent revenue streams for a business, and building strong patent portfolios can increase a business' market power.[38] However, some of the businesses that fall under the subset known as non-practicing entitites ("NPEs") focus less on using

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31. *See* Pamela J. Stephens, *The New Retroactivity Doctrine: Equality, Reliance, and Stare Decisis*, 48 SYRACUSE L. REV. 1515, 1565 (1998) ("[U]nderlying the doctrine of stare decisis is the principle of protecting justifiable reliance upon established law.").

32. *See, e.g.*, Quill Corp. v. North Dakota, 504 U.S. 298 (1992) (offering the example of certainty in sales and use taxes as a settled expectation for businesses and encouraging investment).

33. *See, e.g.*, 28 U.S.C. § 1295 (2012) (demonstrating the unique situation of the Federal Circuit which has jurisdiction by subject matter rather than geography making it the only specialized court of appeals).

34. *See* ROBERT A. MATTHEWS, 1 ANNOTATED PATENT DIGEST (MATTHEWS) sec. 1:21 (2013) (showing the components in a patent application).

35. *See id.* (noting that victory in infringement cases can depend wholly on the interpretation of the claims).

36. *See* 35 U.S.C. § 282(a) (2012) (noting that each claim of the patent is presumed valid despite dependence on other claims).

37. *See, e.g.*, Paul S. Hunter, *The Importance of Patents*, LABORATORYNEWS (July 1, 2005), http://www.labnews.co.uk/features/the-importance-of-patents/ (noting that patents can provide freedom of movement in particular fields and licensing opportunities).

38. *See* Joe Hadzima, *The Importance of Patents: It Pays to Know Patent Regulations*, MIT ENTER. FORUM, http://www.mitef.org/s/1314/interior-2-col.aspx?sid=1314&gid=5&pgid=5784 (declaring that many companies see strong patent portfolios as a key to success even if their focus is not on enforcement but instead on cross-licensing).

patents and more on enforcing and litigating the patents for money.[39] The current economic trends indicate that the role of patents in business will continue to grow moving forward.[40]

Following issuance of the patent, the patent owner ("patentee") may bring a patent infringement claim against any party he believes is violating the exclusive rights given when the patent issued.[41] The grant of a patent gives the patentee the right to exclude any party from making, using, selling, or offering to sell the invention without the permission of the patentee.[42] Accused infringers are required to plead non-infringement and invalidity of the patent as defenses.[43] Accused infringers pleading invalidity generally seek to render one or all of the claims of the patent invalid under one of the patentability standards, which precludes infringement.[44] Relief for a patentee can come in two forms: equitable relief, which includes temporary or permanent injunctions, and compensatory money damages.[45] In order to prove whether the patent is invalid or whether relief for the patentee is proper, the court must construe the meaning of the claims in the patent to determine what the patent covers.[46] This process is called claim construction.

In patent claim construction, judicial entities determine the scope and meaning of the words in the claims to a person with ordinary skill in the art.[47] Patent claim

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39. *See* Ghyo Sun Park & Seong Don Hwang, *The Rise of the NPE*, MANAGING INTELLECTUAL PROP. (Dec. 1, 2010), http://www.managingip.com/Article/2740039/The-rise-of-the-NPE.html (defining NPE as "a company that acquires patents or patent rights and that generates revenue by monetising those patents without manufacturing or using the patented invention(s)").

40. *See* THE CHANGING FACE OF US PATENT LAW AND ITS IMPACT ON BUSINESS STRATEGY 2 (Daniel R. Cahoy & Lynda J. Oswald eds., 2012) (asserting there is reason to believe the role of the patent system in relation to business will increase in the future based on the strong rise of issued patents since 2011).

41. *See* MATTHEWS, *supra* note 34, at sec. 9:1 (mentioning that most patent infringement litigation arises when the invention has great commercial value).

42. *See* 35 U.S.C. § 271(a)-(c) (2012) (expanding the basic definition of infringer from subsection (a) in subsections (b) and (c) where it discusses inducement of infringement and contributory infringement).

43. *See* 35 U.S.C. § 282(b)(1)-(3) (2012) (stating that invalidity defenses apply for patentability standards like novelty and specific section 112 standards like written description).

44. *See* Optivus Tech., Inc. v. Ion Beam Applications S.A., 469 F.3d 978, 991 (Fed. Cir. 2006) (holding the issue of infringement is moot if a patent is declared invalid).

45. *See* 35 U.S.C. §§ 283-284 (2012) (establishing that courts apply injunctions for a time they deem reasonable and that the court will assess damages if the jury does not).

46. *See* Markman v. Westview Instruments (*Markman I*), 52 F.3d 967, 979 (Fed. Cir. 1995) (en banc) (determining that for the purposes of claim construction, the written description can serve as a dictionary for terms appearing in the claims).

47. *See* Pall Corp. v. Hemasure, Inc., 181 F.3d 1305, 1308–09 (Fed. Cir. 1999) (accepting that technical terms will be accorded the ordinary meaning they have in their field of invention); *see also* Networld LLC v. Centraal Corp., 242 F.3d 1347, 1352

construction typically occurs as an initial step in patent infringement suits.[48] The Supreme Court held in *Markman II* that claim construction was a matter of law to be performed by the courts, not the jury, affirming the decision of the Federal Circuit.[49] Claim construction begins with the district court holding a pre-trial evidentiary hearing called a "*Markman* hearing", where patent documents are reviewed, experts testify, and parties make arguments regarding the scope of the claim.[50] Courts use two types of evidence to construe claims: intrinsic evidence and extrinsic evidence.[51] Intrinsic evidence consists of "the claims, the specification, and the prosecution history".[52] Extrinsic evidence consists of all forms of evidence unrelated to the patent document including, technical treatises, dictionaries, and expert testimony.[53]

Many courts prefer to use intrinsic evidence as the primary tool of analysis because it is the evidence best suited to provide context into the meaning of terms in the claims.[54] Some patent judges disagree as to whether all forms of intrinsic evidence should be considered, or if only the claims should be considered.[55] Judges consider extrinsic evidence when the intrinsic evidence does not clearly and unambiguously give meaning to the disputed terms in the patent claims.[56] Courts will generally allow reliance on extrinsic evidence to understand how a technology

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(Fed. Cir. 2001) (noting the intention of claim construction is not to broaden or narrow claims but to define them).

48. *See* Abbot Labs. v. Sandoz, Inc., 544 F.3d 1341, 1358 (Fed. Cir. 2008) (explaining that the preliminary claim construction is reviewed at the injunction stage for correctness).

49. *See* Markman v. Westview Instruments (*Markman II*), 517 U.S. 370, 378, 390–91 (1996) (characterizing claim construction as a "mongrel practice" that required special training possessed by the judge not the jury).

50. *Cf.* EMI Grp. N. Am., Inc. v. Intel Corp., 157 F.3d 887, 891–92 (Fed. Cir. 1998) (explaining that many difficult infringement cases are resolved during *Markman* hearings).

51. *See Markman I*, 52 F.3d at 979–80 (citing precedent describing intrinsic and extrinsic evidence).

52. *See* Unique Concepts, Inc. v. Brown, 939 F.2d 1558, 1561 (Fed. Cir. 1991) (citing Locite Corp. v. Ultraseal, Ltd., 781 F.2d 861, 867 (Fed. Cir. 1985)).

53. *See Markman I*, 52 F.3d at 980 (describing the utility of extrinsic evidence in claim construction analyses).

54. *See* Nazomi Commc'ns, Inc. v. Arm Holdings, P.L.C., 403 F.3d 1364, 1368 (Fed. Cir. 2005) (citing Vitronics Corp. v. Conceptronic, Inc., 90 F.3d 1576, 1582 (Fed. Cir. 1996)).

55. *See, e.g.*, Jakub Michna, *Is the Scope of a Patent's Coverage Determined by its Claims, or by its Specification? Top Patent Judges Disagree*, SUNSTEIN, KANN, MURPHY & TIMBERS LLP, http://www.sunsteinlaw.com/is-the-scope-of-a-patents-coverage-determined-by-its-claims-or-by-its-specification-top-patent-judges-disagree/ (discussing Judge Lourie's dissent in *Arlington Industries, Inc. v. Bridgeport Fittings, Inc.* as an example of Federal Circuit judge disagreement on the role of the specification in claim construction).

56. *See* Vitronics Corp. v. Conceptronic, Inc., 90 F.3d 1576, 1585 (Fed. Cir. 1996) (determining that the district court unnecessarily relied on extrinsic evidence when the specification clearly defined the terms in the claims).

works.[57] Some courts view expert testimony during claim construction with skepticism and generally prefer to rely on dictionaries or legal treatises when needed.[58]

Both patent litigation and the claim construction process have great economic costs on businesses.[59] Businesses spend large amounts of money combating NPEs who can block a business' production and sale of products with a single patent over a small component and a patent infringement lawsuit.[60] Businesses tend to settle cases and agree to pay licensing fees to NPEs because the enormous cost of litigating dissuades businesses from pursuing litigation.[61] Additionally, for businesses that own patents, an adverse construction of claims in litigation can lead to patents being rendered invalid thereby eliminating all claims of infringement from a competitor.[62] Factored together, litigation and claim construction can be disastrous to business and have led some to classify the patent system as a burden on business.[63]

C. *Declining Deference: De Novo Review at the Federal Circuit*

Patent claim construction was historically subject to de novo review at the Federal Circuit, meaning that the Federal Circuit was not required to offer any deference to the claim construction determinations made by the district court.[64] The roots of de

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57. *See, e.g., id.* (stating the district court could use extrinsic evidence to understand how the technology worked).

58. *See, e.g., id.* (expressing that testimony on construction of claims is acceptable only if the patent documents are insufficient to allow a court to make a determination of meaning for a disputed term in the claims).

59. *See, e.g.*, David Thier, *More Than $20 Billion Spent on Patent Litigation In Two Years*, FORBES (Oct. 8, 2012, 11:50 AM), http://www.forbes.com/sites/davidthier/2012/10/08/in-two-years-the-smartphone-industry-has-spent-more-than-20-billion-spent-on-patent-litigation/ (quoting a New York Times article which states that $20 billion was spent by the smartphone industry on patent litigation between 2010 and 2012).

60. *See* Charles E. Schumer, *A Strategy for Combating Patent Trolls*, WALL ST. J. (June 12, 2013, 6:59 PM), http://www.online.wsj.com/news/articles/SB10001424127887323844804578531021238656366 (voicing concern because in 2011 U.S. companies paid $29 billion in litigation costs and settlements to NPEs).

61. *See id.* (comparing patent litigation to a highway with two exits both of which carry a heavy toll).

62. *See, e.g.*, Optivus Tech., Inc. v. Ion Beam Applications S.A., 469 F.3d 978, 991 (Fed. Cir. 2006) (holding one of the patents at issue invalid thereby eliminating infringement claims).

63. *See* THE CHANGING FACE OF US PATENT LAW AND ITS IMPACT ON BUSINESS STRATEGY 4 (Daniel R. Cahoy & Lynda J. Oswald eds., 2012) (offering a critique from Judge Richard Posner who claims most industries would be fine without patent protection).

64. *See* Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1455 (Fed. Cir. 1998) (en banc) (concluding that the de novo standard of review from the Federal Circuit's decision in *Markman I* was still good law because the Supreme Court affirmed the decision).

novo review at the Federal Circuit are found in the Supreme Court's *Markman II* decision.[65] The focus of this case was whether patent claim construction was a matter of law for judges to decide or a matter of fact subject to the Seventh Amendment jury guarantee.[66] The Court decided that infringement determinations were for the jury as a matter of fact but that claim construction was for the judge as a matter of law.[67] The Court stressed that uniformity in patent law was important, and that judges were better suited to make determinations regarding the meaning of terms in a legal document.[68] Prior to the Supreme Court decision, the Federal Circuit had ruled that the proper appellate standard of review for patent claim construction cases was de novo.[69] The Supreme Court affirmed the Federal Circuit's decision but made no mention of what the proper standard of review for patent claim construction should be.[70]

The Federal Circuit firmly established de novo review as the standard for patent claim construction appeals in *Cybor Corp. v. FAS Technologies*.[71] Prior to the decision in *Cybor*, some Federal Circuit panels had already been applying the de novo standard of review in claim construction appeals using the Federal Circuit's determination in *Markman I*.[72] However, other panels had applied a clear error standard to findings considered factual in nature and incident to the construction of patents.[73] Instead of allowing a panel ruling, the Federal Circuit decided *sua sponte* to hear *Cybor* en banc in order to clarify the standard of review question.[74] The en

65. 517 U.S. 370 (1996).

66. *See* U.S. CONST. amend. VII (guaranteeing a jury trial for all suits at common law with a value exceeding twenty dollars); *Markman II*, 517 U.S. at 376 (summarizing that both lower courts held that claim construction was within the realm of the court).

67. *See Markman II*, 517 U.S. at 377, 390 (recognizing the importance of the 7th Amendment jury guarantee, but refusing to extend that protection to patent claim construction). *See generally* Pullman-Standard v. Swint, 456 U.S. 273, 288 (1982) (claiming the line between questions of law and fact as vexing).

68. *See Markman II*, 517 U.S. at 381–82. 388–89 (recounting the history of 18th century English judges making determinations on patents and holding that judges through training are more likely to give the correct interpretation).

69. *See* Markman v. Westview Instruments, 52 F.3d 967, 974–75, 979 (Fed. Cir. 1995) (en banc) (establishing that because claim construction is a matter of law, the review of the claim construction by the appellate court must be de novo).

70. *See Markman II*, 517 U.S. at 391 (demonstrating silence on the proper standard of review despite affirming the Federal Circuit's opinion).

71. 138 F.3d 1448 (Fed. Cir. 1998) (en banc).

72. *See, e.g.*, Serrano v. Telular Corp., 111 F.3d 1578, 1582 (Fed. Cir. 1997) (applying the de novo standard to a claim construction case).

73. *See, e.g.*, Eastman Kodak Co. v. Goodyear Tire & Rubber Co., 114 F.3d 1547, 1555–56 (Fed. Cir. 1997) (applying a limited clear error standard as to the use of extrinsic evidence in claim construction), *abrogated by* Cybor Corp v. FAS Techs., Inc., 138 F.3d 1448 (Fed. Cir. 1998).

74. *See Cybor*, 138 F.3d at 1450 (noting that the panel assigned to the case heard oral argument, however, the court decided to hear the case en banc, prior to the opinion issuing).

banc Federal Circuit held that the Supreme Court's decision in *Markman II* served as an endorsement of the Federal Circuit's assertion in *Markman I*: that the proper standard of review for all aspects of claim construction was de novo.[75] Judge Mayer dissented stating that the Supreme Court intended to affirm that claim construction itself was a matter of law for the judge, not to adopt any standard of review.[76]

Following *Cybor*, the Federal Circuit routinely applied the de novo standard of review and a challenge to the standard was not accepted en banc until 2005 in *Phillips v. AWH Corp.*[77] The Federal Circuit asked the parties to brief seven questions, the final of which was whether it was appropriate for the court to give any deference to the district court claim construction under both *Markman* cases and *Cybor*.[78] After much fanfare, the en banc court in *Phillips* decided not to address the issue of de novo review at the time and left the standard established by *Cybor* untouched.[79] Judge Mayer again dissented stating his belief that the de novo standard for claim construction at the Federal Circuit was absurd.[80] Following *Phillips*, there was no Supreme Court intervention on the matter, as certiorari was denied.[81] Later attempts challenging the *Cybor* standard of review were denied en banc rehearings by the Federal Circuit.[82] In a dissent to the denial of rehearing en banc in *Retractable Technologies*, Judge Moore asserted that claim construction is the most important part of patent litigation and that the Federal Circuit's de novo standard is confusing and unworkable.[83]

The de novo standard of review has been characterized as substituting uniformity for procedural efficiency of the courts.[84] Furthermore, businesses have criticized the

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75. *See id.* at 1455–56 (claiming that *Markman II* implied that the totality of claim construction is a matter of law including the standard of review).

76. *See id.* at 1464 (Mayer, J., dissenting) (asserting that *Markman II* only decided that claim construction was a matter of law as a matter of policy).

77. 415 F.3d 1303 (Fed. Cir. 2005) (en banc).

78. *See* Phillips v. AWH Corp., 376 F.3d 1382, 1382–83 (Fed. Cir. 2004) (granting rehearing en banc).

79. *See Phillips*, 415 F.3d at 1328 ("After consideration of the matter, we have decided not to address that issue at this time. We therefore leave undisturbed our prior en banc decision in *Cybor*.").

80. *See id.* at 1330 (Mayer, J., dissenting) ("Now more than ever I am convinced of the futility . . . in adhering to the falsehood that claim construction is a matter of law devoid of any factual component.").

81. *See* AWH Corp. v. Phillips, 546 U.S. 1170, 1170 (2006) (denying certiorari without explanation).

82. *See, e.g.*, Retractable Techs., Inc. v. Becton, Dickinson and Co., 659 F.3d 1369, 1370 (Fed. Cir. 2011) (per curiam) (denying rehearing en banc).

83. *See id.* at 1370 (Moore J., dissenting) ("Despite the crucial role that claim construction plays in patent litigation, our rules are still ill-defined and inconsistently applied, even by us.").

84. *See* John F. Duffy, *On Improving the Legal Process of Claim Interpretation: Administrative Alternatives*, 2 WASH. U. J.L. & POL'Y 109, 124 (2000) (claiming this trade-off makes it unlikely the matter will be definitively solved).

de novo standard because they claim it increases litigation costs, as the possibility of appellate review and reversal followed by a remand is greater because no deference is offered to the claim construction of the district court.[85] The general sentiment from businesses is that allowing the de novo standard of review creates uncertainty in patent litigation, which, in turn, creates higher costs for businesses due to increased litigation and less inclination to settle.[86]

The potential for change in the standard of review arose again in 2013 when the Federal Circuit granted rehearing en banc in *Lighting Ballast Control v. Philips Electronics*.[87] This case represented the first opportunity to revisit the *Cybor* standard of review en banc since the *Phillips* case and the denial of rehearing in *Retractable Technologies*.[88]

D. Light at the End of the Tunnel?: Lighting Ballast History and Issues

The origins of the en banc rehearing of *Lighting Ballast* trace back to a dispute between the parties over infringement, the scope of a "control means" claim limitation, the meaning of the term "connected to" in the patent, and validity of the patent overall.[89] Lighting Ballast Control's (LBC) patent covers "a lighting ballast that powers fluorescent lamps with heatable filaments."[90] The district court went through the claim construction analysis looking at intrinsic and extrinsic evidence to ascertain the meaning of "connected to" and other claim limitations.[91] As required by statute, Universal Lighting Technologies (ULT), the true defendant despite the case being named for Philips Electronics, brought up an invalidity defense claiming

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85. *See* Paul R. Michel, *The Court of Appeals for the Federal Circuit Must Evolve to Meet the Challenges Ahead*, 48 AM. U. L. REV. 1177, 1193 (1999) (explaining that in patent cases the appeal rate hovered around fifty percent compared to ten percent of other civil judgments). *But See* J. Jonas Anderson & Peter S. Menell, *Informal Deference: A Historical, Empirical, and Normative Analysis of Patent Claim Construction*, 108 NW U. L. REV. 1, 42–43 (2014) (explaining that the rate of reversal in claim construction cases today is closer to the rate of reversal in other patent issues).

86. *See* Anderson & Menell, *supra* note 85, at 70 (citing multiple precedents that suggest the de novo standard encourages appeals and multiplies proceedings); *see also* James F. Holderman, *The Patent Litigation Predicament in the United States*, 2007 U. ILL. J.L. TECH & POL'Y 1, 11 (2007) (identifying the de novo standard as one factor that create uncertainty in patent litigation).

87. Lighting Ballast Control, LLC v. Philips Elecs. N. Am. Corp., 500 F. App'x 951, 951 (Fed. Cir. 2013) (granting rehearing en banc).

88. *See Retractable Techs.*, 659 F.3d at 1370 (denying rehearing en banc).

89. *See* Lighting Ballast Control, LLC. v. Philips Elecs. N. Am. Corp., 814 F. Supp. 2d 665, 671 (N.D. Tex. 2011), *rev'd*, 498 F. App'x 968 (Fed. Cir. 2013) (listing the seven grounds under which ULT moved for judgment as a matter of law).

90. *Id.* at 670 (quoting U.S. Patent No. 5,436,529 (filed Apr. 22, 1993)).

91. *See id.* at 675–83 (analyzing the claims, specification, prosecution history, and expert testimony from the "connected to" limitation and the "control means limitation").

LBC's patent was invalidated by prior art.[92] The district court held, after construing the claims, that the patent was valid and therefore, the subsequent jury verdict on infringement would stand.[93] The jury decided that ULT did infringe and awarded damages to LBC.[94]

ULT appealed the case to the Federal Circuit where a three-judge panel reversed the district court, holding the patent was invalid because it was indefinite.[95] The panel made a point to mention that matters of claim construction are matters of law, which required it to offer no deference to the determinations of the district court.[96] The panel focused on an entirely different part of the patent than the district court in deciding the appeal, rendering the claim construction by the district court essentially useless.[97]

Following the reversal, LBC appealed for a rehearing of the case en banc arguing that the *Cybor* standard of review should be overturned.[98] The Federal Circuit granted the rehearing en banc and heard oral argument on the case on September 13, 2013, with a good portion of the argument focusing on whether and why the *Cybor* standard should be overturned.[99] LBC argued that the de novo standard should be abandoned entirely and a clear error standard should be implemented.[100] ULT

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92. *See id.* at 686–87 (claiming that the '529 patent is invalid because a large amount of uncontested evidence exists and on the contested evidence the arguments from LBC conflict with the claim language and even LBC's own infringement claims).

93. *See id.* at 689–90 (holding that the '529 patent is not invalidated by either the Japanese '997 patent or '799 patent).

94. *See id.* at 670–71, 691, 693 (allowing the jury's award of $3,000,000 in damages to stand and granting the amount as a lump sum payment in exchange for a license for ULT to use the '529 from the date judgment is entered until the patent expires).

95. *See* Lighting Ballast Control LLC. v. Philips Elecs. N. Am. Corp., 498 F. App'x 986, 987 (Fed. Cir. 2013) (providing an example of the Federal Circuit overruling a district court holding on a matter entirely different than what the district court considered essential to the decision).

96. *See id.* at 989 (citing the *Cybor* case which allows the de novo standard to apply to questions of law, requiring no deference).

97. *See id.* at 989–91 (focusing on the means-plus-function limitation in the claim 1 term "voltage source means").

98. *See* Petition for Rehearing En Banc at 6–11, Lighting Ballast Control LLC. v. Philips Elecs. N. Am. Corp., 500 F. App'x 951 (2013) (Nos. 2012-1014, 2012-1015) (applying the facts of *Lighting Ballast* at the district court level to argue that *Cybor* forces Federal Circuit panels to re-review factual conclusions).

99. *See* Lighting Ballast Control, LLC. v. Philips Elecs. N. America Corp., 500 F. App'x 951, 951 (Fed. Cir. 2013) (granting rehearing en banc); *see also* J. Jonas Anderson, *Oral Argument Recap: Lighting Ballast Control v. Philips*, PATENTLYO (Sept. 13, 2013), http://www.patentlyo.com/patent/2013/09/oral-argument-recap-lighting-ballast-control-v-philips.html (noting that at oral argument both parties initially agreed de novo was not the proper standard of review with the parties differing on the necessary scope of deference).

100. *See* Anderson, *supra* note 99 (detailing LBC's desire for deference on all aspects of patent claim construction).

initially argued that the de novo standard could change but only to offer deference on issues of historical fact.[101] The argument explored three primary issues: national uniformity concerns, line-drawing between issues of fact and issues of law, and interestingly, the impact of stare decisis.[102] Judge Taranto made a point to ask ULT and the Patent Office Solicitor whether the Federal Circuit is able to revisit an established en banc precedent through another en banc decision absent statutory intervention from Congress or judicial intervention from the Supreme Court.[103] Neither the ULT attorney nor the Solicitor arguing before the Federal Circuit appeared to have an answer to this question, suggesting it was up to the court to make that determination.[104] The question from Judge Taranto was deliberate because precedent, or stare decisis, is a foundational legal principle in the American system.[105]

E. Harmony in the Law and the Courts: The Influence of Uniformity on the Federal Circuit

When Congress established the United States Court of Appeals for the Federal Circuit in 1982, one of its primary reasons was to create uniformity in patent law.[106] Before 1982, every federal court of appeal had jurisdiction over patent appeals from district courts in their territory.[107] Wide ranging jurisdiction also created many instances of forum shopping, which Congress wanted to eradicate.[108] Furthermore, prior to the Federal Circuit's establishment, only the Supreme Court was able to

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101. *See id.* (demonstrating ULT's desire for a narrow application of deference).

102. *See id.* (explaining that the stare decisis issue seemingly took the arguing attorneys by surprise).

103. *See* Oral Argument at 21:54, 55:53, Lighting Ballast Control LLC v. Philips Elecs. N. Am. Corp., 744 F.3d 1272 (Fed. Cir. 2014) (en banc), *available at* http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2012-1014_9132013.mp3 (manifesting Judge Taranto's hesitation at overruling established en banc precedents under stare decisis).

104. *See id.* at 22:24, 56:10 (demonstrating the two attorneys' surprise at the question of stare decisis implications inherent to the decision of the case).

105. *See* THE FEDERALIST NO. 78, at 471 (Alexander Hamilton) (Clinton Rossiter ed., 1961) ("To avoid an arbitrary discretion in the courts, it is indispensable that they should be bound down by strict rules and precedents, which serve to define and point out their duty in every particular case that comes before them.").

106. *See* S. REP. NO. 97-275 at 2 (1981) (recognizing two other purposes in creating the Federal Circuit: to improve the administration of patent law); *see also* H.R. REP. NO. 97-312 at 20-23 (1981) (explaining that forum shopping was also a problem that created wide inconsistencies in the patent law).

107. *Cf.* 28 U.S.C. § 1338 (1976) (granting jurisdiction to district courts over patent cases which at the time could then be appealed to the regional federal courts of appeal).

108. *See* S. REP. NO. 97-275 at 5 (1981) (discussing how a court of appeals dedicated to patent law will reduce forum shopping which was common in patent litigation).

render binding decisions on national law issues like patent law.[109] Concerns arose that the appellate courts were overburdened by patent cases because their nature was technical, and required extensive amounts of time.[110]

Uniformity in patent law is necessary for the same reason adherence to stare decisis is promoted at the Federal Circuit, namely, the powerful role of the Federal Circuit as the exclusive holder of patent appellate jurisdiction.[111] This key factor distinguishes the Federal Circuit from the other courts of appeal because its jurisdiction was purposely defined by subject matter instead of geography.[112] The Supreme Court initially was hands-off and allowed the Federal Circuit to make the major pronouncements on patent law without frequent challenges.[113] In recent years, the Court's role has increased and some Federal Court judges like Judge Dyk believe the role of the Court will continue to increase going forward.[114]

Congress greatly considered the needs of businesses in establishing the Federal Circuit by asserting that uniformity in patent law created by the Federal Circuit would be an improvement for businesses over the old system.[115] Congress recognized the important nature of patents as a driving force of innovation where significant investment was placed in research, development, and distribution of products.[116] Congress' aim was to reduce uncertainty in order to promote investment.[117] Judge Dyk notes that, in the 1970s, experts estimated the breakdown of assets in American corporations was twenty percent intellectual property and

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109. *See id.* (emphasizing the need for the Federal Circuit to address the inability to provide "quick and definitive answers to legal questions of nationwide significance").

110. *See* Ellen F. Sward & Rodney F. Page, *The Federal Court Improvement Act: A Practitioner's Perspective*, 33 AM. U. L. REV. 385, 388–89 (1984) (concluding that the centralization of patent case jurisdiction in the Federal Circuit would lead to the beneficial effect of lightening other circuits' case load).

111. *Cf.* Matthew F. Weil & William C. Rooklidge, *Stare Un-Decisis: The Sometimes Rough Treatment of Precedent in Federal Circuit Decision-Making*, 80 J. PAT. & TRADEMARK OFF. SOC'Y 791, 805 (1998) (presenting the idea that in many patent cases, the Federal Circuit can serve as the court of last resort since the Supreme Court often denies certiorari in patent cases).

112. *See* 28 U.S.C. § 1295 (2012) (enumerating the Federal Circuit's unique status as having nationwide jurisdiction of patent appeals from Article III courts).

113. *See* Dyk, *supra* note 9, at 764 (noting that in the first ten years of the Federal Circuit's existence, the Supreme Court only reviewed three patent decisions).

114. *See id.* at 764–65 (explaining the recent increase in Supreme Court cases reviewing patent cases from the Federal Circuit).

115. *See* S. REP. NO. 97-275 at 6 (1981) (noting that uniformity will make business planning easier and more stable, as predictable law becomes the norm).

116. *See id.* (quoting the general patent counsel of GE, "Patents, in my judgment, are a stimulus to the innovative process, which includes not only investment in research and development but also a far greater investment in facilities for producing and distributing the goods").

117. *See id.* (quoting the general patent counsel of GE, "Certainly it is important to those who must make these investment decisions that we decrease unnecessary uncertainties in the patent system").

eighty percent hard assets.[118] Today, those same experts assert that the proportions have been reversed with intellectual property playing a greater role in the corporate community.[119] Businesses plan around consistent applications of law, and with the strong economic impact patent litigation can have, uniformity in the law is critical.[120] However, all of this could be threatened by a potential overreach by the Federal Circuit if it is allowed to reconsider established en banc standards at will with new en banc cases.

II. THE FEDERAL CIRCUIT'S ADHERENCE TO STARE INDECISIS: RECONSIDERING EN BANC STANDARDS EN BANC AND THE NEGATIVE RESULT ON BUSINESS LITIGATION STRATEGIES

Throughout its history, the Federal Circuit has valued its role as a pseudo-court of last resort for patent claims. However, the very purposes for creating the Federal Circuit preclude allowing the court to constantly review its own established en banc standards without input from the Supreme Court or Congress. For a specialized court that values uniformity in law, stare decisis must play a greater role.

A. Slipping Down the Slope: Reconsidering Established En Banc Standards Absent Judicial or Statutory Intervention.

The principle of stare decisis guides a court like the Federal Circuit more than other courts because of the importance of uniformity and consistency concerns and the statutory nature of patent law interpretation.[121] While stare decisis is not black letter law, the Federal Circuit has purposefully ignored this important principle by twice reconsidering the en banc *Cybor* standard prior to any judicial or statutory intervention from a higher authority.[122] The Federal Circuit's rejection of stare decisis by giving itself the opportunity to reconsider established en banc standards at will with other en banc cases ironically creates a dangerous precedent.[123]

Other federal courts of appeal typically do not face a problem of reconsidering

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118. *See* Dyk, *supra* note 9, at 766 (citing Ocean Tomo 300 Patent Index, http://www.oceantomo.com/productsandservices/investments/indexes/ot300 (last visited Feb. 23, 2014)) (delineating visually the percentages of tangible versus intangible assets from 1975 to 2010).

119. *See id.*

120. *See* Thier, *supra* note 59 (noting that many times small companies with fewer resources can be shut out of the patent community through attrition).

121. *See* Neal v. United States, 516 U.S. 284, 295 (1996) (emphasizing that compelling reasons such as irreconcilability with other doctrines is needed to overturn prior precedent).

122. *See* Lighting Ballast Control, LLC v. Philips Elecs. N. Am. Corp., 500 F. App'x 951, 951 (Fed. Cir. 2013) (granting rehearing en banc); *accord* Phillips v. AWH Corp., 376 F.3d 1382, 1382-83 (Fed. Cir. 2004) (granting rehearing en banc).

123. *Cf.* Akamai Techs., Inc. v. Limelight Networks, Inc., 692 F.3d 1301, 1336 (Fed. Cir. 2012) (demonstrating an en banc court overruling a panel precedent as is the normal course of action).

their own en banc precedents twice in a fifteen-year period because intervention from a higher authority will resolve the issue.[124] The Supreme Court can and often does resolve circuit splits in all areas of the law because circuit splits are one of the three primary considerations for the Court when deciding which cases to hear.[125] However, with intra-circuit splits, which are splits between multiple panels of an appeals court, the split is typically resolved by an appeals court hearing the case en banc.[126] The Supreme Court may choose to and has rendered many decisions on appeals from en banc decisions in cases where the issue of law is particularly relevant.[127]

Patent law appears to receive different treatment from the Supreme Court because in the past, the Court has not taken many patent cases.[128] Numbers do show that the Court's interest in patent cases is growing as the percentage of Supreme Court patent cases in the last seven years has increased.[129] For example in 2014 the Supreme Court granted certiorari to at least six patent cases.[130] Yet, when the issue of the patent claim construction de novo standard of review arose, the Court balked and the jurisprudence is littered with denials of certiorari.[131] The Federal Circuit claimed multiple times that the Supreme Court clearly supported the de novo standard because it affirmed the Federal Circuit's decision in *Markman I*; however, the reality

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124. *See, e.g.*, Joe Mullin, *Supreme Court Upends Top Patent Court's "Burden of Proof" Rule*, ARS TECHNICA (Jan. 22, 2014 4:19 PM), http://arstechnica.com/tech-policy/2014/01/supreme-court-upends-top-patent-courts-burden-of-proof-rule/ (providing an example of the Supreme Court intervening to resolve an issue); Lee Smith, *Congress Passes Legislation to Overturn the Federal Circuit's GPX Decision*, KING & SPALDING (Apr. 2012), http://www.kslaw.com/library/newsletters/TradeManufacturing Alert/2012/April/article2.html (providing an example of Congress intervening to resolve an issue).

125. SUP. CT. R. 10 (2010) (stating that the two other primary considerations are if a state court of last resort has decided a federal question that conflicts with another state court of last resort or if a state court of last resort has decided a question of federal law that should be settled by the Supreme Court).

126. *Cf.* Michael Duvall, *Resolving Intra-Circuit Splits in the Federal Courts of Appeal*, 3 FED. CTS. L. REV. 17, 18 (2009) (establishing that subsequent panels cannot overrule prior panels' decisions; only the en banc court has that ability).

127. *See, e.g.*, Kappos v. Hyatt, 132 S. Ct. 1690 (2012) (serving as an example of the Supreme Court considering the limits on introduction of evidence as a relevant issues of federal law).

128. *See* Dyk, *supra* note 9, at 765 (using an example from 2006 to show that the Supreme Court only hears as much as one percent of patent cases that come out of the Federal Circuit).

129. *See id.* (stating that in 2007, the term prior to the article, the Supreme Court had three patent cases, which constituted four and a half percent of the cases decided by the Court).

130. *See Patent Law and the Supreme Court: Certiorari Petitions Granted*, WILMERHALE LLP (Jan. 2015), https://www.wilmerhale.com/pages/publications andnewsdetail.aspx?NewsPubId=10737419833.

131. *See, e.g.*, Retractable Techs., Inc. v. Becton, Dickinson and Co., 133 S. Ct. 833 (2013) (denying certiorari).

is that prior to *Teva Pharmaceuticals v. Sandoz* in 2014, the Supreme Court never directly addressed the patent claim construction standard of review.[132] The issue is further complicated because the Federal Circuit has exclusive jurisdiction over patent appeals and without intervention from the Court, the Federal Circuit's decisions are the controlling law making it a pseudo-court of last resort.[133]

The hands-off approach on the issue of claim construction by the Supreme Court has allowed the Federal Circuit to operate independently and create tension on the issue of claim construction among the different judges.[134] This same tension has arisen in other subject areas like patentable subject matter and software patents.[135] Notably, absent was any intervention from the Supreme Court on the claim construction standard of review issue.[136] This absence of intervention on this specific issue changed when the Supreme Court granted certiorari in *Teva Pharmaceuticals v. Sandoz*.[137] But, the entire problem at issue here finds its roots from a subjective interpretation of a Supreme Court decision.[138]

In *Cybor*, the Federal Circuit interpreted the Supreme Court's silence as an indication that the Court approved of the de novo standard announced by the Federal Circuit's *Markman* decision.[139] However, the Supreme Court had not yet weighed in on the issue, and an issue is not fully decided until the Court has decided what the

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132. *See* Markman v. Westview Instruments, 517 U.S. 370, 391 (1996) (offering neither support nor rejection of the Federal Circuit's de novo standard of review but merely offering silence).

133. *See* Michael Paul Chu, Note, *An Antitrust Solution to the New Wave of Predatory Patent Infringement Litigation*, 33 WM. & MARY L. REV. 1341, 1351 (1992) ("The Federal Circuit is effectively the court of last resort for patent appeals because very few patents reach the Supreme Court.").

134. *See* Anderson & Menell, *supra* note 85, at 6 (proffering that a lack of agreement among the judges on whether *Markman* implied that claim construction has factual determinations has created more confusion and uncertainty in the patent system).

135. *See, e.g.*, Alice Corp. v. CLS Bank Int'l, 134 S. Ct. 2347, 2353–54 (2014) (presenting a case where the Court addressed software patents en banc and multiple judges wrote opinions); Ass'n for Molecular Pathology v. Myriad Genetics, 133 S. Ct. 2107, 2114–15 (2012) (presenting a case where the Court addressed patentable subject matter and all three judges on the panel wrote opinions); Bilski v. Kappos, 130 S. Ct. 3218 (2010) (presenting a case where the Court addressed software patents).

136. *See* Retractable Techs., Inc. v. Becton, Dickinson and Co., 133 S. Ct. 833 (2013) (denying certiorari); AWH Corp. v. Phillips, 546 U.S. 1170 (2006) (denying certiorari) (demonstrating the inference that Supreme Court lacked interest thus far in resolving the standard of review issue).

137. Teva Pharms. USA, Inc. v. Sandoz, Inc., 134 S. Ct. 1761 (2014) (serving as the first case where the Supreme Court has agreed to consider the proper claim construction standard of review at the Federal Circuit).

138. *See* Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1451 (Fed. Cir. 1998) (en banc) (assuming that the affirmation of the Federal Circuit's decision in *Markman I* means the Supreme Court endorsed the de novo standard of review).

139. *See id.* (implying that the unanimous nature of the Supreme Court's vote in *Markman II* played a role in deciding *Cybor*).

law really means. Therefore, there was room for debate.[140] The Supreme Court's *Markman II* decision made no references to the proper standard of review and instead, classified claim construction as a "mongrel practice" that is neither purely factual nor purely legal.[141] In the wake of that decision and before *Cybor*, some Federal Circuit panels still applied clear error implying that *Markman II* did not elucidate a clear standard of review.[142] Often, different entities will extoll the virtues of one standard over another, but the more important issue is that the Supreme Court has failed the intra-circuit split at the Federal Circuit, created by the dissents in en banc cases, and allowed it to reconsider its established en banc standards at will.[143]

The issue of the correct standard of review was resolved by the Supreme Court in *Teva*, but it only serves a minimal purpose because it leaves unanswered the stare decisis questions presented here.[144] *Teva* was decided at the Federal Circuit with no references to stare decisis.[145] At the Supreme Court, neither at oral argument nor in its opinion was stare decisis mentioned.[146] The scope of the Federal Circuit's ability to constantly reconsider established en banc standards would be ripe for review in *Lighting Ballast* because the decision was based on a stare decisis determination.[147] It is important for the Supreme Court to consider why the Federal Circuit, a court founded on uniformity principles, believes it has the unquestionable right to

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140. *See* Andrews v. Hovey, 124 U.S. 694, 716 (1888) ("A question arising . . . cannot be regarded as judicially settled when it has not been so settled by the highest judicial authority which can pass upon the question.").

141. *See* Markman v. Westview Instruments, 517 U.S. 370, 378, 386 (1996) (referring to claim construction as a mixed question of law and fact where judges tell juries which law governs the reasoning).

142. *See* Eastman Kodak Co. v. Goodyear Tire & Rubber Co., 114 F.3d 1547, 1558 (Fed. Cir. 1997) (stating a district court determination may not be overruled unless there is an erroneous interpretation of law or erroneous facts), *abrogated by* Cybor Corp v. FAS Techs., Inc., 138 F.3d 1448 (Fed. Cir. 1998).

143. Ryan Stephenson, Note, *Federal Circuit Case Selection at the Supreme Court: An Empirical Analysis*, 102 GEO. L.J. 272, 286-87 (2013) (stating that Federal Circuit dissents can serve as intra-circuit splits to create the catalyst for Court review).

144. *See* Teva Pharms. USA, Inc. v. Sandoz, Inc., 135 S. Ct. 831, 842 (2015) (holding that for underlying questions of fact the standard of review is clearly erroneous not de novo).

145. *See* Teva Pharms. USA, Inc. v. Sandoz, Inc., 723 F.3d 1363, 1375–76 (Fed. Cir. 2013) (deciding the case solely using invalidity and infringement determinations).

146. *See* Oral Argument Transcript, Teva Pharms. USA, Inc. v. Sandoz, Inc., No. 13-854 (U.S. argued Oct. 15, 2014), *available at* http://www.supremecourt.gov/oral_arguments/argument_transcripts/13-854_p86b.pdf; Teva Pharms. USA, Inc. v. Sandoz, Inc., 135 S. Ct. 831, 832–844 (2015) (demonstrating that the words "stare decisis" were not mentioned at all in the opinion and the references to "precedent" were regarding Rule 52 of the Fed. R. Civ. P. not the scope of the Federal Circuit's review of its own precedent).

147. *See generally* Lighting Ballast Control, LLC v. Philips Elecs. N. Am. Corp., 744 F.3d 1272 (Fed. Cir. 2014) (deciding the case by applying stare decisis and citing *Cybor* as the precedent).

reconsider established precedent without Supreme Court input. However, the Supreme Court merely granted, vacated, and remanded *Lighting Ballast* to the Federal Circuit in light of the decision in *Teva*.[148]

The Federal Circuit justified de novo review by stating that uniformity cannot be served if the Federal Circuit must offer deference to trial judge's factual determinations.[149] However, a key component of claim construction is considering extrinsic evidence, which is surely a fact-finding task as the Court found in *Teva*.[150] The difference in opinion between the silent Supreme Court precedent in *Markman II* and the Federal Circuit's interpretation in *Cybor* should have served as evidence of a split and an impetus for Supreme Court review; however, the parties in *Cybor* did not petition for certiorari.[151] The intra-circuit split is further highlighted by the multiple dissents from Federal Circuit judges who believe some deference should be offered to the fact-finding done by the district courts.[152] The Federal Circuit is the only appeals court that hears patent cases, so the circuit split must come from within.[153] Multiple Federal Circuit judges calling for review of an established standard should have served as a cue to the Supreme Court that the issue is ripe for review.[154]

The Supreme Court could have granted certiorari to address the important precedent issue: whether the Federal Circuit should reconsider its en banc *Cybor* standard with another en banc decision considering the stare decisis implications.[155] The Federal Circuit is in a unique position where it is able to review its own en banc decision with another en banc decision because of the previous lack of intervention

148. *See* Lighting Ballast Control, LLC v. Philips Elecs. N. Am. Corp., No. 13-1356, 2015 WL 303220 at *1 (U.S. Jan. 26, 2015).

149. *See Cybor*, 138 F.3d at 1455 (addressing its belief that the Supreme Court did not intended a "silent, third option – that claim construction may involve subsidiary or underlying questions of fact").

150. *See* Paul R. Gugliuzza, *The Federal Circuit as a Federal Court*, 54 WM. & MARY L. REV. 1791, 1832 (2013) (emphasizing that the evaluation of extrinsic evidence appears to be a fact-finding task, though the Federal Circuit rejected the premise); *see also Teva Pharmaceuticals*, 135 S. Ct. at 840.

151. *See* SUP. CT. R. 10(c) (2010) (stating that certiorari should be granted if courts of appeal misinterpret previous Supreme Court precedent).

152. *See, e.g.*, Retractable Techs., Inc. v. Becton, Dickinson & Co., 659 F.3d 1369, 1373 (Fed. Cir. 2011) (Moore, J., dissenting from denial of rehearing en banc); Amgen, Inc. v. Hoechst Marion Roussel, Inc., 469 F.3d 1039, 1040 (Fed. Cir. 2006) (Michel, C.J., dissenting from denial of rehearing en banc); Phillips v. AWH Corp., 415 F.3d 1303, 1330 (Mayer, J., dissenting).

153. *See* 28 U.S.C. § 1295(a)(1) (2012) (giving the Federal Circuit exclusive jurisdiction over patent cases).

154. *See* SUP. CT. R. 10(a) (2010) (naming circuit splits as a compelling reason for a certiorari grant from the Court).

155. *See* SUP. CT. R. 10(c) (2010) (mentioning again that the Supreme Court can grant certiorari to decide questions of federal law not yet settled by the Court).

from the Supreme Court in the preceding fifteen years.[156] The principle of stare decisis clearly states that courts are bound by their previous decisions absent intervention from a higher authority, and in this case, that intervention did not exist at the time *Lighting Ballast* was decided.[157] The Federal Circuit's purpose requires it to adhere to this principle because of the court's foundation as a bastion of uniformity in patent law and the fact that statutory decisions are given greater weight under stare decisis.[158] Since the Federal Circuit has made clear that the standard of review is de novo, it appears that continual review of the standard by the Federal Circuit in subsequent en banc decisions is directly contrary to the principles of horizontal stare decisis because it questions a clearly established precedent.[159] If the Federal Circuit is allowed to reconsider an en banc decision with another en banc decision absent Supreme Court intervention, the Federal Circuit will exceed the traditional confines of stare decisis, which in the case of a specialized court like the Federal Circuit, is contrary to the great weight given to precedent.[160] The *Teva* case has eliminated the lack of intervention by the Supreme Court, however, the risk for the Federal Circuit to continually review established en banc standards with new en banc cases continues and can merely move to a new area of patent law.

The need for review from the Supreme Court is paramount. Especially in light of the new cases that will work their way up to the Federal Circuit based on the AIA. The intention of stare decisis is to have the Supreme Court review en banc decisions of appeals courts and resolve splits on key legal issues.[161] The Supreme Court has previously stepped in to resolve internal divisions in the Federal Circuit, and it seems appropriate for the Court to resolve the confusion sooner rather than later.[162] In the

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156. *See, e.g.*, Retractable Techs., Inc. v. Becton, Dickinson and Co., 133 S. Ct. 833 (2013) (denying certiorari) (emphasizing the Supreme Court's lack of interest in intervention on the claim construction standard of review issue).

157. *See* BLACK'S LAW DICTIONARY 1537 (9th ed. 2009) (defining the limits on courts under stare decisis); *see also* Nat'l Org. of Veterans' Advocates, Inc. v. Sec'y of Veterans Affairs, 260 F.3d 1365, 1373 (Fed. Cir. 2001) ("[S]tare decisis is a doctrine that binds courts to follow their own earlier decisions or the decisions of a superior tribunal.").

158. *See* Neal v. United States, 516 U.S. 284, 295 (1996) (emphasizing that stare decisis is more important in statutory cases because "Congress is free to change this Court's interpretation of its legislation").

159. *See* BLACK'S LAW DICTIONARY 1537 (9th Ed. 2009) (reiterating that precedents cannot be abandoned absent compelling reasons).

160. Jeffrey C. Dobbins, *Structure and Precedent*, 108 MICH. L. REV. 1453, 1482 (2010) (noting that the rationale behind the Federal Circuit's creation elevates decisions from the Federal Circuit to a binding precedent level).

161. *See* Peter S. Menell & J. Jonas Anderson, *Claim Construction Catch-22: Why the Supreme Court Should Grant Certiorari in Retractable Technologies*, PATENTLYO (Dec. 5, 2012), http://www.patentlyo.com/patent/2012/12/guest-postclaim-construction-catch-22-why-the-supreme-court-should-grant-certiorari-in-retractable-t.html (asserting that the Supreme Court should use dissents from denials for rehearing en banc as evidence of an intra-circuit split in the Federal Circuit).

162. *See, e.g.*, Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki, Co. 535 U.S.

past with patent law, some commentators have compared the Supreme Court to a non-custodial parent that spends an occasional weekend with its kids.[163]

This disinterest has, in turn, led to the Federal Circuit shaping patent law to its own liking. The Federal Circuit first acted counter to stare decisis in 2005 when it granted rehearing en banc in *Phillips* and intentionally asked the parties to brief the issue regarding validity of the de novo standard of review for patent claim construction knowing that the Supreme Court had not considered the issue.[164] The Federal Circuit was bound by the decision in *Cybor*, and erroneously granted rehearing en banc on a settled issue. However, in the end its en banc decision in *Phillips* to not address the issue caused no harm.[165] If the Federal Circuit remains bound by the *Cybor* case, it appears illogical that it would unilaterally reconsider the standard under the principle of stare decisis; however, it has granted rehearing en banc twice since *Cybor*.[166] The intent of stare decisis was not to make the higher authority the same authority that created the standard, but rather to allow superior courts to review and adjust the law as needed.[167] By reconsidering an en banc standard with another en banc case, the Federal Circuit is contributing to uncertainty in patent law because it creates the possibility of change when, in fact, the correct change must come from the Supreme Court as it did in *Teva*.[168] In the end, the *Phillips* case was a harmless example; however, the Federal Circuit gave itself another opportunity to address the issue in the *Lighting Ballast* case and came to a surprising result.

B. Preserving the Power of Precedent: Reconsidering Cybor En Banc in Lighting Ballast.

The *Lighting Ballast* en banc rehearing presented a new opportunity for the Federal Circuit to reconsider the *Cybor* de novo standard of review.[169] However, it

722, 741 (2002) (resolving Federal Circuit confusion on prosecution history estoppel among other issues).

163. Rebecca S. Eisenberg, *The Supreme Court and the Federal Circuit: Visitation and Custody of Patent Law*, 106 MICH. L. REV. 28, 28 (2007) (implying that the Supreme Court does not pay sufficient attention to resolving patent law issues).

164. *See* Phillips v. AWH Corp., 376 F.3d 1382, 1382–83 (Fed. Cir. 2004) (granting rehearing en banc and listing seven issues for the parties to brief).

165. *See* Phillips v. AWH Corp., 415 F.3d 1303, 1328 (Fed. Cir. 2005) (en banc) (deciding the case without addressing *Cybor*).

166. *See* Lighting Ballast Control, LLC. v. Philips Elecs. N. Am. Corp., 500 Fed. App'x 951, 951 (Fed. Cir. 2013) (granting rehearing en banc); *Phillips* 376 F.3d at 1382–83 (granting rehearing en banc).

167. BLACK'S LAW DICTIONARY 1537 (9th ed. 2009) (asserting that horizontal stare decisis binds courts to their prior decisions which should preclude the Federal Circuit from even granting rehearing en banc of settled law).

168. *See* Andrews v. Hovey, 124 U.S. 694, 716 (1888) ("A question arising . . . cannot be regarded as judicially settled when it has not been so settled by the highest judicial authority which can pass upon the question.").

169. *See* Lighting Ballast Control, LLC v. Philips Elecs. N. Am. Corp., 744 F.3d 1272, 1276 (Fed. Cir. 2014) (considering only the validity of *Cybor* and ignoring the

also presented a new opportunity for the Federal Circuit to act contrary to the principle of stare decisis by reconsidering established precedent without input from a higher authority given the weight Federal Circuit en banc decisions carry.[170] Judge Taranto recognized this concern in the oral argument for *Lighting Ballast* en banc when he questioned the attorneys as to the ability of the Federal Circuit to even consider a change of the *Cybor* standard under stare decisis, and the attorneys had no answer.[171] Judge Taranto astutely recognized by implication that allowing the Federal Circuit to reconsider its own en banc standards absent intervention from a higher authority runs counter to the principle of stare decisis, which, in turn, runs counter to the purpose of the Federal Circuit as a court of uniformity and consistency.[172] The other judges in the case did not mention stare decisis at all; however, in an interesting twist the issue of stare decisis carried the day.[173]

The en banc decision, written by Judge Newman, based its reasoning heavily on the importance of stare decisis.[174] Judge Newman argued that unless a development in judicial doctrine or an action by Congress reduced the conceptual underpinning of a standard, it should not be overruled.[175] Judge Newman also recognized the importance of stare decisis in creating consistency in patent law, which was a key reason the Federal Circuit was created in the first place.[176] Judge Taranto joined the majority opinion and together the majority reaffirmed *Cybor* under the principle of stare decisis.[177] In this instance, the Federal Circuit acted correctly in reaffirming the *Cybor* standard under stare decisis.[178]

However, this decision assumes that under stare decisis the Federal Circuit should rehear cases en banc on established precedent in the first place.[179] Judge Taranto indicated as much in the oral argument when one of the attorneys responded that the

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actual patent validity or infringement questions).

170. *See* Dobbins, *supra* note 160, at 1482 (demonstrating the Federal Circuit's belief that it creates binding precedent even on other circuits despite the issue not being so clear cut).

171. *See* Anderson, *supra* note 99 (noting that Judge Taranto's effort on the stare decisis issue was persistent).

172. *See id.* (showing Judge Lourie's concern with the effects an overrule of *Cybor* would have on national uniformity).

173. *See Lighting Ballast Control LLC*, 744 F.3d at 1281–86 (Fed. Cir. 2014) (remarking on the importance of applying stare decisis stressed by the Supreme Court).

174. *See id.* (citing large amounts of case law on stare decisis).

175. *See id.* at 1281–82 (presenting an interesting interpretation considering the lack of discussion on stare decisis at oral argument).

176. *See id.* at 1282 (echoing the concerns of Congress when it established the Federal Circuit).

177. *See id.* at 1285 (holding that *Cybor* was still workable therefore concluding it should not be overruled).

178. *See id.* (noting the court was bound by its prior precedents).

179. *See id.* (noting that the criteria for overruling *Cybor* were not met here which implies the court could overrule its own en banc standard in the first place).

court can review any case en banc at its discretion.[180] The dissent takes the view farther by arguing that the Federal Circuit can abrogate its own case law if it is wrongly decided, at odds with Congressional mandates, or has harmful consequences.[181] However, each of the examples the dissent cites involves the reconsideration of panel decisions, not of established en banc precedents.[182] If the court truly intends to adhere to stare decisis and recognize its importance, it is difficult to understand why it reconsiders these cases en banc at all because the literal definition of stare decisis appears to contradict this action.[183]

The reality is that any change in the *Cybor* standard without a ruling from the Supreme Court or a direct change in the law would have placed the Federal Circuit in a position of great power because it would allow the Federal Circuit to mold patent law unchecked as a pseudo-court of last resort.[184] While the Supreme Court may not enjoy or fully understand patent law, its role in the development of patent law is essential.[185]

The grant of certiorari in *Teva Pharameceuticals* addressing the de novo review issue, essentially destroyed any chance that *Lighting Ballast* will be reviewed for the stare decisis implications. The Court established as much when it granted, vacated, and remanded *Lighting Ballast* in light of *Teva*.[186] The primary need was for the Court to recognize the importance of the stare decisis implications, which *Teva* fails to address because it came from a panel decision, and to make the interplay between the two courts clear.

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180. *See* Oral Argument at 21:54, 55:53, Lighting Ballast Control LLC v. Philips Elecs. N. Am. Corp., 744 F.3d 1272 (Fed. Cir. 2013) (en banc), *available at* http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2012-1014_9132013.mp3 (capturing Judge Taranto stating his belief that the court has the ability to review en banc standards with other en banc cases).

181. *See Lighting Ballast*, 744 F.3d at 1315 (O'Malley, J., dissenting) (citing to multiple cases where Federal Circuit precedent was abrogated or overruled).

182. *Cf. id.* (providing examples of only panel cases does not address the overarching issue on the reach of the Federal Circuit in overruling en banc standards with new en banc cases).

183. *See* BLACK'S LAW DICTIONARY 1537 (9th ed. 2009) (using the idea that higher authorities should review lower authorities to imply the Federal Circuit cannot re-review its own en banc decisions).

184. *See* Chu, *supra* note 133, at 1351 (emphasizing that the possibility for great power for the Federal Circuit exists because of the lack of Supreme Court review).

185. *See* Dyk, *supra* note 9, at 763 (recognizing the importance of the Supreme Court to patent law but also recognizing that Supreme Court involvement is disliked by the Patent Bar).

186. *See* Lighting Ballast Control, LLC v. Philips Elecs. N. Am. Corp., No. 13-1356, 2015 WL 303220 at *1 (U.S. Jan. 26, 2015).

C. *Disuniform, Uncertain, and All-Powerful: The Federal Circuit's Role if En Banc Decisions are Overruled En Banc.*

Two distinct questions exist if the Federal Circuit is permitted to reconsider previously-established en banc standards absent intervention from a higher authority: (1) what type of interplay exists between the Federal Circuit and the Supreme Court for stare decisis purposes; and (2) whether the Federal Circuit's expertise as the primary judicial entity for patent law grants the Federal Circuit certain flexibility in choosing when to apply stare decisis.

Academics have long presented varying views of the proper relationship between the Supreme Court and the Federal Circuit.[187] Professor Jonas Anderson envisions the relationship between the Supreme Court and the Federal Circuit as a dialogic relationship where the Supreme Court issues broad policy decisions that can spur the Federal Circuit to action.[188] However, this relationship presents a problem because it vests primary decision-making power in the Federal Circuit.[189] Under Professor Anderson's model, the Federal Circuit is the epicenter of action and development in patent law while the Supreme Court serves to correct the Federal Circuit without providing specific guidance on how to correct problems.[190] Essentially, this model diminishes the importance of vertical stare decisis and the institutional role of the Supreme Court to say what the law means.[191]

As the court of last resort, the Supreme Court's role must extend beyond merely stating the policy and must include enunciating some means that the Federal Circuit can use to develop patent law.[192] By providing the Federal Circuit with decision-

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187. *See, e.g.*, John F. Duffy, *The Festo Decision and the Return of the Supreme Court to the Bar of Patents*, 2002 SUP. CT. REV. 273, 284 (2002) (envisioning a model where the Federal Circuit signals important cases for Supreme Court review); Glynn S. Lunney, Jr., *Patent Law, the Federal Circuit, and the Supreme Court: A Quiet Revolution*, 11 SUP. CT. ECON. REV. 1, 2 (2003) (claiming the Supreme Court has allowed the Federal Circuit to essentially define and alter patent law).

188. *See* J. Jonas Anderson, *Patent Dialogue*, 92 N.C. L. REV. 1049, 1083 (2014) (noting that a dialogic relationship exists despite the Federal Circuit being the most reversed federal court).

189. *See id.* at 1066 (discussing the deference given by the Supreme Court to the Federal Circuit due to its expertise).

190. *See id.* at 1079–80 (providing examples of the Supreme Court spurring the Federal Circuit to act).

191. Marbury v. Madison, 5 U.S. 137, 177 (1803) ("It is emphatically the province and duty of the judicial department to say what the law is.").

192. *See* Eric Black, *How the Supreme Court has Come to Play a Policymaking Role*, MINNPOST (Nov. 20, 2012), http://www.minnpost.com/eric-black-ink/2012/11/how-supreme-court-has-come-play-policymaking-role (arguing that the Supreme Court is not as adept at creating useful patent rules and has developed a policy-making role normally saved for elected officials). *But See* John M. Golden, *The Supreme Court as "Prime Percolator": A Prescription for Appellate Review of Questions in Patent Law*, 56 UCLA. L. REV. 657, 674–84 (arguing the Supreme Court is not as adept to creating useful patent rules).

making power on the means, it creates a pseudo-court of last resort.[193] The Federal Circuit can hardly meet its mission of stability and uniformity in patent law when the Supreme Court leaves it to figure out the means for developing effective patent doctrine from broad policy pronouncements.[194] The Federal Circuit would be left in a more powerful position and indeed a more controversial position as a pseudo-court of last resort where politics and composition could play a role like in the Supreme Court.[195]

The Supreme Court and Congress consider the Federal Circuit the expert on patent law because of its unique jurisdiction for hearing appeals in all patent cases.[196] This expertise is used to explain the necessity of allowing the Federal Circuit to operate as the primary actor in shaping the future of patent law.[197] Furthermore, the argument persists that the expertise provides a greater incentive to give deference to the Federal Circuit's judgment when it comes to the development of patent law.[198] The problem is that stare decisis must weigh heavily on a court founded on the principle of uniformity like the Federal Circuit.[199] The Federal Circuit faced the unique issue of having an en banc precedent that the Supreme Court ignored for over fifteen years.[200] This same situation can arise again in a different area of patent law.

One other argument is that if other courts of appeal can, albeit infrequently, change binding precedents, why can't the Federal Circuit? The reason is that the Federal Circuit can face a pure absence of higher authority intervention before

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193. *See* Chu, *supra* note 133, at 1351 (cautioning that the Federal Circuit could become a pseudo-court of last resort).

194. *See* S. REP. NO. 97-275 at 2 (1981) (voicing the idea that the entire purpose of the Federal Circuit was to create a central venue for patent claims that would enable uniform interpretation of the substantive patent law in all courts).

195. *See* Adam Liptak, *Court Under Roberts is Most Conservative in Decades*, N.Y. TIMES (July 24, 2010), http://www.nytimes.com/2010/07/25/us/25roberts.html; William Laney, *Is There a Liberal Supreme Court in Our Foreseeable Future?*, THE HUFFINGTON POST (Aug. 8, 2013 1:57 PM), http//www.huffingtonpost.com/William-laney/is-there-a-liberal-supreme-court_b_3755839.html (demonstrating how the media views the polarization of the Supreme Court).

196. *See* Anderson, *supra* note 188, at 1068 (noting that Congress intended the Federal Circuit to be the primary policymaker on patents because of its role in interpreting the patent law).

197. *See id.* at 1067–68 (referring to the prominent role the Federal Circuit plays in the judicial dialogue because of expertise).

198. *See id.* at 1071–74 (stating that Congress removed reform provisions from patent legislation because of Federal Circuit case law).

199. *See* Lighting Ballast Control, LLC v. Philips Elecs. N. Am. Corp., 744 F.3d 1272, 1292 (Fed. Cir. 2014) (Lourie, J., concurring) (stating that uniformity and consistency, bolstered by stare decisis, were the factors Congress considered in creating the Federal Circuit).

200. *See* Retractable Techs., Inc. v. Becton, Dickinson and Co., 133 S. Ct. 833 (2013) (denying certiorari); AWH Corp. v. Phillips, 546 U.S. 1170 (2006) (denying certiorari).

changing the standard, which is contrary to stare decisis.[201] In most instances, under vertical stare decisis, a change in the law or opinion from the Supreme Court or Congress will allow a court of appeal to revisit its prior precedent and adjust or overrule it as needed.[202] However, the lack of review from a higher authority before *Teva* precluded the reconsideration of *Cybor* under stare decisis as the judges aptly noted in *Lighting Ballast*.[203] The Federal Circuit certainly believes it has the ability to reconsider en banc standards with new en banc cases as it noted in *Lighting Ballast*.[204] Despite the strong adherence to stare decisis, the Federal Circuit neglects the fact that a consistent application of stare decisis would prevent the Federal Circuit from reconsidering the standard because contention alone is not sufficient to justify review of established precedent.[205]

The policy behind the creation of the Federal Circuit was to promote consistency in patent law.[206] The Federal Circuit acted contrary to its policy mandate by accepting new en banc reviews of the *Cybor* decision absent higher authority intervention because the standard was established by the en banc decision in *Cybor*.[207] It is was up to the Supreme Court to take the next step.[208] Unfortunately, in granting certiorari for *Teva*, the Supreme Court dismissed an opportunity to discuss the stare decisis implications. By eroding the value of precedent, the Federal Circuit could cheapen the very foundation of the American legal system, which is, in part, based on using firmly established precedent as a guidepost for the limits of decisions.[209]

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201. *See* Dickerson v. United States, 530 U.S. 428, 443 (2000) (noting that special justifications are needed to reverse precedent).

202. *See* Joseph W. Mead, *Stare Decisis in the Inferior Courts of the United States*, 12 NEV. L.J. 787, 811 (2012) (explaining that the Federal Circuit is bound by its own precedent until overruled by the Supreme Court).

203. *See Lighting Ballast*, 744 F.3d at 1283 (citing *Festo* in stating that courts must be cautious before disrupting settled expectations in the law).

204. *See id.* at 1283–84 (discussing reasons why the court should not overrule *Cybor* based on unworkability, meaning the court considered it could overrule if needed).

205. *See* Watson v. United States, 552 U.S. 74, 82 (2007) (emphasizing that contention within the court does not re-open a case for another try).

206. *See* S. REP. NO. 97-275 at 2 (1981) (reemphasizing the important nature of uniformity to patent law because of the effects on the public participating in commerce).

207. *See* Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1451 (holding that the affirmance of the Federal Circuit's *Markman I* decision was an endorsement of the de novo standard of review for claim construction).

208. *See* Menell & Anderson, *supra* note 161 (considering the issue of the patent claim construction standard of review as ripe for Supreme Court review since *Markman* was decided).

209. *See* MICHAEL J. HERHARDT, THE POWER OF PRECEDENT 148 (2008) (stating that precedents provide a framework for judicial decision-making).

D. *Stare Indecisis From the Courtroom to the Boardroom: Negative Effects on Business*

If the Federal Circuit is permitted to continually reconsider en banc decisions with other en banc decisions absent intervention, the uncertainty can create great risks for business.[210] Businesses have become very hesitant to enter into patent litigation because of its exorbitant costs, and the costs could increase if the Federal Circuit can change the standard for claim construction at will.[211] Business planning and strategy is typically done by lawyers and executives far ahead of time and is based on finding patterns and trends that are certain and can be easily applied.[212] For example, if the Federal Circuit were to shift a standard twice over a 10-year period, businesses will undoubtedly find themselves constantly re-planning to accommodate the ever-shifting patent claim construction standards. The uncertainty in the patent law is also likely to drive up costs when patent litigation is already costing between five hundred thousand and three million dollars per suit.[213]

Furthermore, businesses may be enticed to give up on patent litigation all together and instead focus on avoiding long litigation through settlement.[214] The threat of multiple en banc courts reconsidering the same issues undoubtedly creates confusion regarding the true meaning of the law, which, in turn, creates confusion for businesses because lawyers must have consistent standards to advise clients on litigation matters.[215] The logical question that follows is: if the law is not broken, why would the court reconsider it? NPEs may thrive in this scenario because businesses will not be enticed to challenge these small non-practicing patent holders with appeals to the Federal Circuit when no prediction can be made as to how the court may rule since the law over time will become extremely muddled over time.[216]

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210. Gretchen Ann Bender, *Uncertainty and Unpredictability in Patent Litigation: The Time is Ripe for a Consistent Claim Construction Methodology*, J. INTELL. PROP. L. 175, 175 (2001) ("Corporations, in-house counsel and even trial litigators require certainty and predictability in order to develop products, businesses, and litigation strategies.").

211. *See* Thier, *supra* note 59 (noting the existing high costs of patent litigation with room for growth due to technological improvements and developments).

212. *See* Bender, *supra* note 210, at 175 (emphasizing that certainty fuels business because businesses want a strong idea of value of an investment beforehand).

213. *See* Bronwyn H. Hall et al., *Prospects for Improving U.S. Patent Quality via Post-grant Opposition*, NAT'L BUREAU OF ECON. RESEARCH, WORKING PAPER NO. 9731 8 (2003), *available at* http://papers.nber.org/papers/W9731.pdf (noting that the cost can be higher or lower depending on the risk present).

214. *See* Jay P. Kesan & Gwendolyn G. Ball, *How Are Patent Cases Resolved? An Empirical Examination of the Adjudication and Settlement of Patent Disputes*, 84 WASH. L. REV. 237, 243 (2006) (stating that high litigation costs lead to settlements that are unfavorable yet preferable to the exorbitant litigation costs).

215. *See* Bender, *supra* note 210, at 175 (implying that certainty fuels investment by business, without one the other will decrease as well).

216. *See* Schumer, *supra* note 60 (reiterating that NPEs already cost businesses large amounts of money per year and uncertainty at the Federal Circuits could lead to

With patents steadily becoming a bigger and bigger part of corporate portfolios, inconsistent applications of law or uncertainty acts contrary to business objectives and may reduce interest in patents over time.[217]

Finally, businesses facing inconsistency or uncertainty in patent law are exactly what Congress attempted to avoid when it created the Federal Circuit.[218] Congress understood the growing role of patents in the American economy and sought to make patent litigation easier because patent law would be uniform and centralized.[219] Businesses prefer predictability because it reduces volatility and risk both of which are important strategic considerations.[220] Congress recognized the importance of strong business strategies and the negative effects of inconsistent patent law.[221] That being said, with threats to the uniformity of patent law, neither the Supreme Court nor Congress have stepped up, and the confusion and uncertainty have lingered long enough.

III. STEPPING TO THE PLATE: ADDRESSING THE CONTROVERSY BEFORE IT HAS A CHANCE TO BEGIN.

The issue of the Federal Circuit reconsidering en banc standards with new en banc cases needs to be addressed before it can become a major issue. Two possible solutions exist: (1) the Supreme Court makes a determination as to when the Federal Circuit may reconsider en banc precedents when the Supreme Court has not intervened and (2) Congress intervenes to clarify whether its intent for the Federal Circuit included de novo review.

The Federal Circuit had an opportunity in *Lighting Ballast* to clarify its position on reconsidering established en banc standards. While stare decisis ultimately carried the day in the *Lighting Ballast* case, the Federal Circuit maintained its ability to review established en banc standards en banc without explanation. The Federal Circuit placed great emphasis on stare decisis in its reasoning for adhering to *Cybor* but did not explain why it reconsidered *Cybor* in *Lighting Ballast* en banc in the first place. The panel decision in *Lighting Ballast* was sufficient to support *Cybor* under stare decisis and the proper avenue was to appeal directly to the Supreme Court.

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more costly settlements).

217. *See* POSNER, *supra* note 14, at 163 (arguing that the business community could work just fine without a patent system because the Tribunal Courts are overworked with limited amount of judges because the system wants uniformity).

218. *See* S. REP. NO. 97-275 at 2 (1981) (emphasizing the need for national uniformity in the patent law).

219. *See* S. REP. NO. 97-275 at 2 (1981) (noting that centralizing the patent law would fuel innovation and investment).

220. *See* Martin Reeves et al, *Your Strategy Needs a Strategy*, HARVARD BUS. REV., (September 2012), http://www.hbr.org/2012/09/your-strategy-needs-a-strategy/ar/1 (naming predictability as one of two key factors in any business strategy).

221. *See* S. REP. NO. 97-275 at 6 (1981) (stating that the decentralized nature of the patent law at the time had already discouraged innovation).

Regardless of its actual actions, the potential of allowing the Federal Circuit to clarify its own reach in reconsidering the established en banc standard is troublesome because an issue of law is not truly decided until the highest authorities intervene. If the Federal Circuit decided in *Lighting Ballast* or decides later that it can reconsider and overrule en banc decisions with other en banc decisions at whim, a great amount of power would vest in that court. However, there is no need to let the Federal Circuit enter that quagmire. If the Supreme Court decides the question of the reach of the Federal Circuit first, the issue will finally be laid to rest.

As the court of last resort in this country, it is the Supreme Court's duty to resolve splits in the law. Even though the Federal Circuit did not overrule *Cybor* in *Lighting Ballast*, the Supreme Court should consider the question of whether the Federal Circuit has the ability to continually reconsider established precedent in order to protect the principle of stare decisis. The Supreme Court has consistently supported the application of precedent by the lower courts and by itself. The Federal Circuit's attempt to act contrary to that principle is an affront to the Supreme Court's history of supporting strong precedent. The issue will not be truly resolved unless the Supreme Court definitively states how far an en banc Federal Circuit can go in reconsidering its previous en banc decisions absent intervention from the Court or Congress. The Supreme Court should focus narrowly on the Federal Circuit since it is the only appeals court in the unique situation where the higher authorities have not intervened in over fifteen years. The Supreme Court already gave up an opportunity to consider this important issue fully in *Lighting Ballast* by granting, vacating, and remanding the Federal Circuit's decision, which essentially determines it will not consider the case fully.

The Supreme Court's choice to take the very narrow route of simply choosing a side on the patent claim construction standard of review debate in the *Teva* case did not go far enought. The benefits of this approach were twofold: it eliminated the confusion with regard to patent claim construction and it temporarily eliminated the threat of acting contrary to the principles of stare decisis. The primary problem with this approach is that the relief to the stare decisis problem is not definitive. The claim construction issues was solved, yet, the overarching issue of the Federal Circuit reconsidering established en banc decisions absent intervention remains.

Certainly en banc standards that stand for more than fifteen years without intervention are rare; however, that does not mean contention over established standards cannot occur again. Businesses will benefit from a clear statement of the claim construction standard of review because uniformity and consistency would be restored. However, businesses may also suffer in the end should the Federal Circuit later assert an authority to overrule en banc standards with other en banc decisions in the absence of Supreme Court intervention in future cases.

Either way, the legal system would benefit from clarity. Clarity with a final decision on the proper patent claim construction standard of review is helpful but not definitive. True clarity comes from the Supreme Court accepting its responsibility as

the bastion of the American legal system by making a determination on the Federal Circuit's use of stare decisis. The benefits to stare decisis, patent law, uniformity principles, and the role of the courts will all be met with a clear pronouncement on how courts should operate.

CONCLUSION

Challenging the *Cybor* patent claim construction standard of review has become an issue for the Federal Circuit. The previous lack of intervention from the Supreme Court or Congress put the Federal Circuit in a position to continually reconsider or overrule its own en banc standards with new en banc decisions. This type of unilateral power in the Federal Circuit runs contrary to the guiding legal principle of stare decisis. In a commercial field like patents, businesses are being unfairly subjected to unnecessary uncertainty and disuniformity in the law because courts have failed to either limit themselves or definitively state the law. *Lighting Ballast* was a missed opportunity to definitively answer the important stare decisis questions in the Federal Circuit. Stare indecisis cannot become the new norm in the Federal Circuit because businesses and the legal community deserve the clarity that has eluded them for too long.